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US Business Activity Surged to an 18-Month High in August

According to the latest release from IHS Markit, the United States' (US) Flash Composite Output Index, which measures services and manufacturing activity, recorded a preliminary reading of 54.7 in August, up from the 50.3 recorded in July. August's reading shows the strongest pace of expansion since February 2019, approximately 18 months ago. Noteworthy, a reading above 50 indicates growth in private-sector output. August's upturn in output was driven mainly by stronger client demand as total new businesses rose for the first time since February. Firms in the manufacturing sector registered a sharper expansion in new orders than in the prior month while service providers signalled a renewed increase in sales.

Despite the increase in US business activity, we anticipate that client demand may weaken over the short to medium term in light of the ongoing rise in COVID-19 confirmed cases and high unemployment in the US. With new claims for unemployment benefits trending back above the one million mark in the last week, the stalling of negotiations for another unemployment stimulus package and the ongoing uncertainty surrounding COVID-19, activities in the US are likely to be muted in the upcoming months, particularly within the services sector.

Currency Markets

International Currency Market

Currency	21-Aug	14-Aug	DoD % Δ	WoW % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.180	1.184	-0.53%	-0.38%	5.21%	6.42%
GBP: USD	1.309	1.310	-0.94%	0.03%	-1.26%	7.91%
USD: CAD	1.318	1.330	-0.07%	-0.67%	1.44%	-0.86%
USD: JPY	105.800	106.600	0.00%	-0.75%	-2.59%	-0.77%

Local Foreign Currency Market

Currency	21-Aug	20-Aug	14-Aug	DoD % Δ	WoW % Δ	YTD % Δ
USD:JMD	151.18	151.17	150.34	0.00%	0.56%	14.04%
GBP:JMD	198.76	200.80	198.05	-1.01%	0.36%	15.8%
CAD:JMD	114.94	115.63	114.41	-0.60%	0.46%	14.8%

Global Interest Rates

Rates	21-Aug	14-Aug	DoD Δ bps	WoW Δ bps	YTD Δ bps	YoY Δ bps
10 Year US Treasury Bond	0.63%	0.71%	-2.00	-8.00	-129.00	-96.00
10 Year UK Gilt	0.21%	0.24%	-2.00	-3.00	-61.00	-27.00
GOJ 2025 Global Bond	4.45%	4.40%	15.00	5.00	60.00	11.00
5 Year US Treasury Bond	0.26%	0.29%	-1.00	-3.00	-143.00	-121.00
5 Year UK Gilt	-0.05%	-0.02%	-2.00	-3.00	-65.00	-44.00

Week in Review: Aug 17 - Aug 21, 2020

Local Equity Market

BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
MIL	16.27%	ROC	-17.65%
CAC	14.72%	ECL	-15.38%
SALF	13.33%	I38SL	-14.04%

JSE Main Market activity (excluding preference shares) resulted from trading in **44** stocks of which **20** advanced, **20** declined and **4** traded firm. Market volume (excluding preference shares) amounted to **79,074,834** units valued at over **\$498,794,733**. JSE Junior Market activity (excluding preference shares) resulted from trading in **38** stocks of which **13** advanced, **22** declined and **3** traded firm. Market volume (excluding preference shares) amounted to **11,644,419** units valued at over **\$34,459,602**.

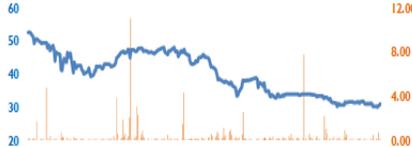
Global Equity Indices

Index	31-Dec	14-Aug	21-Aug	WoW % Δ	YTD % Δ	YoY % Δ
S&P 500	3,230.65	3,372.85	3,397.16	0.72%	5.15%	16.16%
Euro Stoxx 50	3,745.15	3,305.05	3,259.75	-1.37%	-12.96%	-3.98%
MXWD Index	565.24	569.40	570.97	0.28%	1.01%	11.92%
JSE Main Market Index	509,916.44	368,870.63	368,099.13	-0.21%	-27.81%	-30.19%
JSE Junior Market Index	3,348.97	2,599.86	2,507.17	-3.57%	-25.14%	-31.22%
JSE Combined Index	505,253.98	367,356.38	365,653.00	-0.46%	-27.63%	-30.28%

Upcoming Week: Aug 24 - Aug 28, 2020

Country	Report	Period	Forecast	Prior
US	Initial Jobless Claims	22-Aug	1,000,000	1,110,000
US	GDP Annualized QoQ	2QS	-32.50%	-32.90%
US	U. of Mich. Sentiment	Aug F	72.80	72.80
US	Conf. Board Consumer Confidence	Aug	93.00	92.60
JN	Tokyo CPI Ex-Fresh Food YoY	Aug	0.30%	0.40%
CA	Quarterly GDP Annualized	2Q	-38.90%	-8.20%
UK	Nationwide House PX MoM	Aug	0.60%	1.70%

LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE				
August 21, 2020									
JMMB Group Ltd (JMMBGL)	Current Price	\$31.07	EPS	\$3.44	ROE	14.33%	ROE	16.58%	<p>JMMBGL is one of Jamaica's largest financial services corporations, entering the market in 1992 as the first Money Market Brokerage firm. The holding company, JMMB Group Limited, was formed as a parent to house the group of companies. To date, the JMMB Group Ltd. has extended its reach across the Caribbean, including the Dominican Republic and Trinidad and Tobago. The Group has over 316,000 clients and continues to grow steadily. We believe that in addition to its core businesses, key strategic partnerships such as the 22.2% stake in Sagcor Financial Corporation allows JMMBGL to achieve further diversification and increased profitability.</p>
	52 Week High	\$55.00	BVPS	\$24.01	P/E	9.03	P/E	14.82	
	53 Week Low	\$29.90	T12M Div.	\$0.49	  	P/B	1.29	P/B	1.39
	WoW %	2.64%	Div. Yield %	1.58%					
BUY	YTD %	-33.26%							
Access Financial Services Ltd (AFS)	Current Price	\$22.40	EPS	\$0.72	ROE	8.83%	ROE	21.46%	<p>AFS has experienced fluctuating results over the last four years, which has translated into less than steady growth in net profits. Due to the microfinance industry's importance in meeting the needs of the "unbanked", the industry has been in the focus of the government in recent times and is expected to face new regulations in the near term. Among others, the Microcredit Act tabled in parliament in 2019, is expected to curb the "excessive interest rates" being charged by microlenders. However, this and other regulations could likely make the industry less attractive and may ultimately lead to a slowing of funding flows to the vital MSMEs. The current coronavirus pandemic is another major downside risk that is already leading to a curtailment of economic activity in Jamaica. As AFS' loan portfolio is heavily skewed towards personal loans, we project that the company will struggle to grow its loan portfolio over the short to medium term due to the expected decline in loan demand and that its provision for credit losses will increase as its borrowers' creditworthiness becomes impaired.</p>
	52 Week High	\$45.00	BVPS	\$8.16	P/E	31.09	P/E	46.82	
SELL	53 Week Low	\$17.65	T12M Div.	\$0.49	  	P/B	2.74	P/B	2.38
	WoW %	-0.68%	Div. Yield %	2.19%					
	YTD %	-35.03%							
Caribbean Producers Jamaica Ltd (CPJ)	Current Price	\$2.40	EPS	(\$0.02)	ROE	-0.77%	ROE	14.69%	<p>CPJ is a leading foodservice supplier to the hospitality sector in Jamaica, with over 25 years of experience. Over the years, the Company has focused on generating operational efficiencies in order to remain competitive in a fast-changing industry and where the cost structure of the business is such that its gross and profit margins are extremely low. The knock-on effect of the low margins is that the Company does not have the flexibility to absorb cost shocks before generating losses. Over the years, CPJ has tried to diversify its business to serve clients in the wider hospitality and retail sectors, however, its revenues are still dominated by its transactions within the tourism industry. As a result, with the current virtual shuttering of hotels and the limit placed on others in the hospitality sector, such as bars and restaurants, and supermarkets, our projection is that over the short to medium term CPJ's profitability is likely to be significantly impaired.</p>
	52 Week High	\$5.30	BVPS	\$2.72	P/E	-114.43	P/E	31.55	
SELL	53 Week Low	\$2.00	T12M Div.	\$0.00	  	P/B	0.88	P/B	2.66
	WoW %	-3.59%	Div. Yield %	0.00%					
	YTD %	-53.82%							
Wigton Windfarm Ltd(WIG)	Current Price	\$0.80	EPS	\$0.05	ROE	15.89%	ROE	6.04%	<p>We believe that Wigton Windfarm provides an advantage for investors in three main ways. The first is diversification, as it is an alternative energy investment which becomes more crucial in the midst of global warming. The second is an increase in medium to long term value driven by profitability. The third is liquidity as the availability of shares is wide and allows a tidy entry into or exit out of the investment. Wigton Windfarm has potential competition from MPC Caribbean and New Fortress Energy but they together form an ecosystem which is needed to move the Caribbean away from its reliance on Fossil Fuels, the 2nd most expensive item on Jamaica's import bill.</p>
	52 Week High	\$1.15	BVPS	\$0.34	P/E	14.70	P/E	27.99	
HOLD	53 Week Low	\$0.50	T12M Div.	\$0.00	  	P/B	2.34	P/B	1.21
	WoW %	0.72%	Div. Yield %	0.00%					
	YTD %	-18.00%							

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LOCAL STOCK RECOMMENDATIONS

COMPANY NAME	PRICE MOVEMENTS <small>Js</small>	STATISTICS	COMPANY VITALS	INDUSTRY VITALS	RATIONALE	
August 21, 2020						
Jamaica Broilers Group Ltd (JBG)	Current Price	\$24.20	EPS	\$1.13	ROE 8.56%	 ROE 12.79%  P/E 21.34 P/E 28.29  P/B 1.83 P/B 3.12
	52 Week High	\$41.00	BVPS	\$13.25		
	53 Week Low	\$21.00	T12M Div.	\$0.57		
	WoW %	-6.68%	Div. Yield %	2.36%		
	YTD %	-40.84%				
BUY						
Wisynco Ltd (WISYNCO)	Current Price	\$17.23	EPS	\$0.81	ROE 23.69%	 ROE 12.79%  P/E 21.33 P/E 28.29  P/B 5.05 P/B 3.12
	52 Week High	\$27.00	BVPS	\$3.41		
	53 Week Low	\$11.50	T12M Div.	\$0.19		
	WoW %	-1.39%	Div. Yield %	1.10%		
	YTD %	-26.09%				
HOLD						
Seprod Ltd (SEP)	Current Price	\$53.99	EPS	\$2.21	ROE 9.96%	 ROE 12.79%  P/E 24.43 P/E 28.29  P/B 2.43 P/B 3.12
	52 Week High	\$60.00	BVPS	\$22.18		
	53 Week Low	\$30.00	T12M Div.	\$1.00		
	WoW %	-2.11%	Div. Yield %	1.85%		
	YTD %	5.91%				
HOLD						

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Mutual Funds

JN MUTUAL FUNDS

August 20, 2020



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JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
Global Diversified Income	J\$13.6080	-4.79%	-6.80%	2.19%
Global Equity	J\$14.0163	-20.99%	-22.48%	0.00%
Global Fixed Income	J\$12.5533	6.23%	4.76%	4.45%
Global Money Market (US\$)	US\$10.4834	2.99%	2.14%	3.69%
Global Fixed Income (US\$)	US\$10.5259	2.52%	1.84%	5.07%
Local Money Market	J\$10.9237	3.75%	2.68%	4.25%

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Funds	Global Diversified Income Fund	Global Equity Fund
Objective	To preserve capital whilst providing US dollar (US\$) money market returns	To preserve capital whilst providing Jamaican Dollar (J\$) money market returns	To achieve an attractive total return through capital injection and income growth. This is offered through two separate Funds: (i) A Jamaican dollar (J\$) and (ii) A US dollar (US\$) fund.	To provide long-term investment growth through exposure to a diversified range of asset classes.	To provide long-term capital growth and risk diversification.
Strategy	To invest in local and global money market instruments for safety, liquidity and yield.	To invest in local and global money market instruments for safety and liquidity and yield	To invest in regional, sovereign debt securities, local and international corporate bonds.	To invest in fixed income, high dividend yielding stocks, REITs and structured products	To invest in the shares of local and international companies which offer strong growth possibilities and consistent income

With a suite of six investment portfolios, each with a distinct financial profile, JN Mutual Funds offers a premium opportunity for investors to align their personal financial strategy with their goals, time horizons and risk profile.

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